

BUY

TP: Rs 2,500 | ▲ 22%

SBI LIFE

| Insurance

| 28 January 2026

Strong quarter, growth guidance maintained

- APE growth robust at 24% YoY in Q3FY26; VNB rose 23% YoY in Q3FY26
- Management reiterates APE and VNB margin guidance for FY26; GST ITC loss impact limited to 30-40bps going forward
- SBILIFE is attractively valued with its long-term story intact. Maintain BUY

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Resilient performance: SBI Life reported stronger-than-expected business numbers with APE growth (up 24% YoY in Q3FY26 and up 16% YoY in 9MFY26) and VNB growth (up 23% YoY in Q3FY26 and up 18% YoY in 9MFY26), beating our estimates by 6% and 5% respectively. However, VNB margins were a tad lower than our expectations at 26.6% in Q3FY26 and 27.2% in 9MFY26 vs our estimate of 26.8% in Q3FY26. Management reiterated its guidance of individual APE growth of 13-14% in FY26E with VNB margin expected to remain in the range of 26-28%.

VNB grew strong: VNB margin came in at 26.6% vs 27.9% in Q2FY26 vs 26.95% in Q3FY25. This was primarily driven by higher business volumes and favourable product mix. Consequently, absolute VNB grew 23% YoY in Q3FY26 (up 18% YoY in 9MFY26).

GST ITC impact limited: The impact of GST ITC unavailability was to the tune of 110bps on VNB margin in 9MFY26 (impact of 150bps in Q3FY26), which was lower than earlier estimates of 175bps in Q2FY26. However, supported by a favourable product mix and improved operating efficiency, net impact on VNB margins is expected to moderate in the 30-40bps range in FY26.

APE growth remains robust: APE increased 24% YoY, outperforming private and overall industry growth of 14% YoY and 22% YoY, respectively to Rs 86 bn in Q3FY26 and was up 16% YoY in 9MFY26. This was primarily driven by par, annuity, and individual protection segments. Further, par saw significant growth during the quarter, owing to new product launches. ULIP share in the mix stood at 66.3% vs 57.9% in Q2FY26.

Maintain BUY: Q3 witnessed a robust business performance with GST ITC impact to be limited to 30-40bps, going forward. Management reiterated guidance for individual APE growth and VNB margin, while a higher focus on protection products and favourable product mix is likely to aid margin expansion. We maintain BUY with TP of Rs 2,500, from Rs 2,217, assigning a multiple of 2.2x to its Dec'27E P/EV.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SBILIFE IN/Rs 2,053
Market cap	US\$ 22.4bn
Free float	45%
3M ADV	US\$ 19.1mn
52wk high/low	Rs 2,110/Rs 1,373
Promoter/FPI/DII	55%/22%/18%

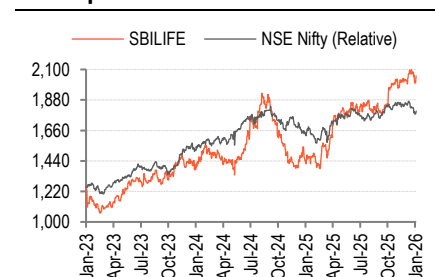
Source: NSE | Price as of 28 Jan 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
NBP (Rs mn)	3,55,768	4,49,356	5,23,500
APE (Rs mn)	2,14,200	2,45,621	2,82,643
VNB (Rs mn)	59,500	67,791	79,140
Embedded Value (Rs mn)	7,02,500	8,30,892	9,81,996
VNB margin (%)	27.8	27.6	28.0
EVPS (Rs)	701.2	828.7	979.4
EPS (Rs)	24.1	31.4	38.2
Consensus EPS (Rs)	24.1	27.1	31.6
P/EV (x)	2.9	2.5	2.1

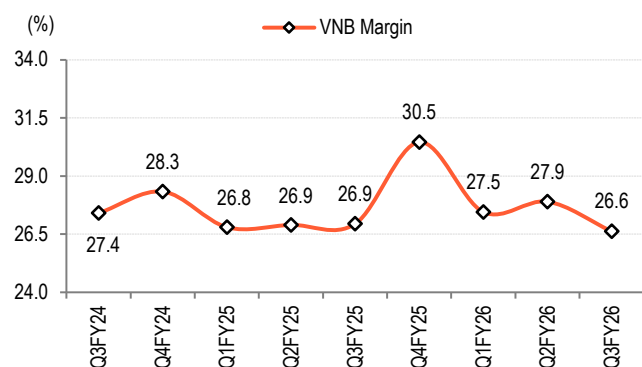
Source: Company, Bloomberg, BOBCAPS Research

Stock performance

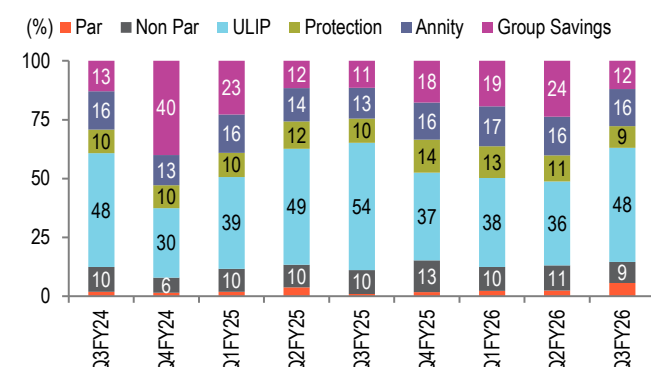


Source: NSE

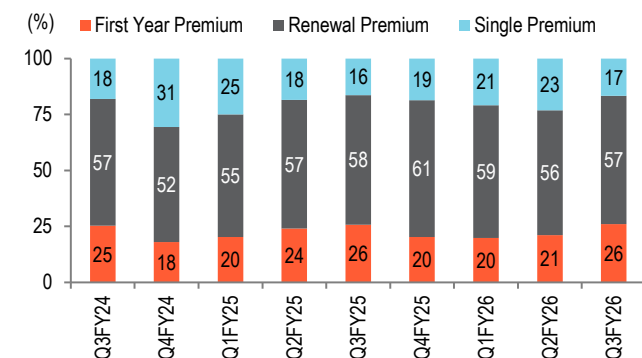


Fig 1 – VNB margin came in at 26.6% for Q3FY26

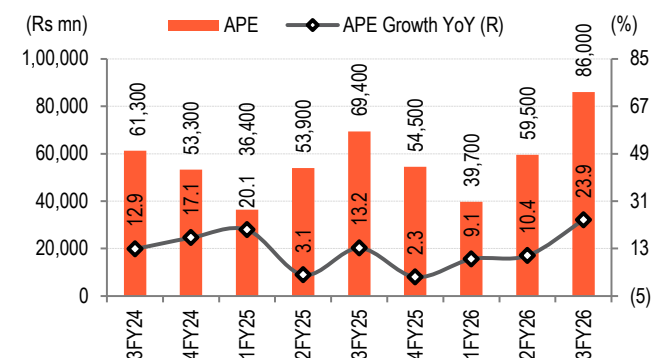
Source: Company, BOBCAPS Research

Fig 2 – ULIP share increased to 48% in Q3FY26

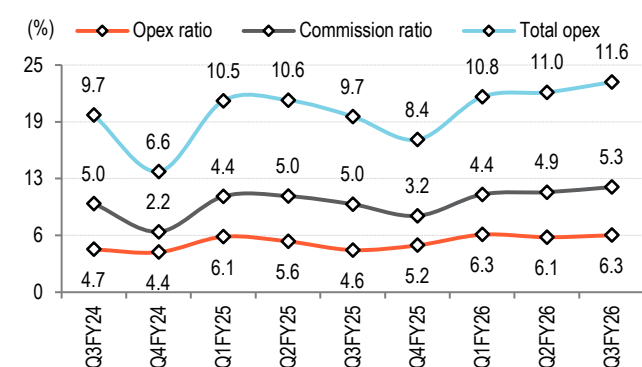
Source: Company, BOBCAPS Research

Fig 3 – Strong growth across all segments in gross premium income

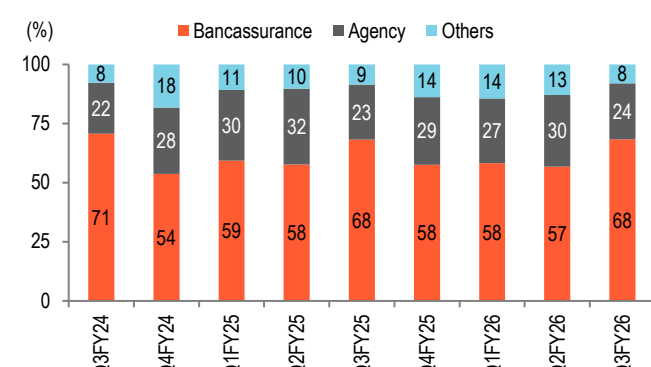
Source: Company, BOBCAPS Research

Fig 4 – APE grew robust at 23.9% in Q3FY26 at Rs 86,000 mn

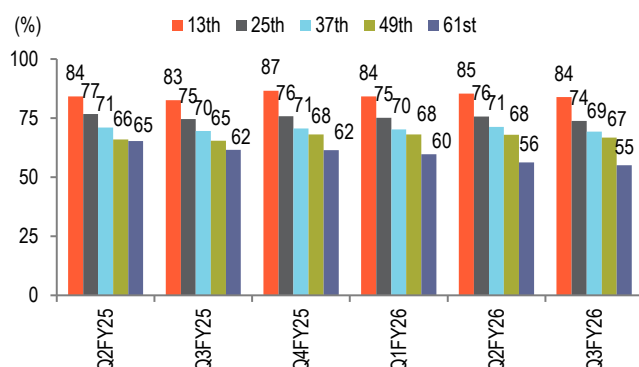
Source: Company, BOBCAPS Research

Fig 5 – Total opex ratio stands at 11.6%

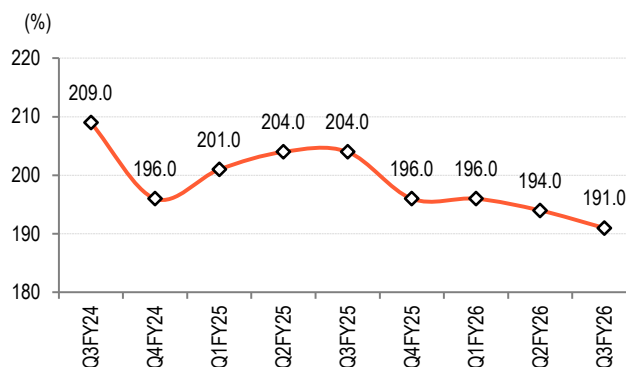
Source: Company, BOBCAPS Research

Fig 6 – Banca channel is expected to report modest growth

Source: Company, BOBCAPS Research

Fig 7 – 13-month persistency came in at 84%

Source: Company, BOBCAPS Research

Fig 8 – Solvency ratio decreased marginally in Q3FY26

Source: Company, BOBCAPS Research

Fig 9 – Policyholder's account

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Gross premium income	3,04,495	2,49,978	21.8	2,50,839	21.4
First Year Premium	79,193	64,508	22.8	52,895	49.7
Renewal Premium	1,74,717	1,44,676	20.8	1,40,028	24.8
Single Premium	50,584	40,794	24.0	57,916	(12.7)
Reinsurance	2,041	1,703	19.9	2,356	(13.3)
Net premium income	3,02,453	2,48,275	21.8	2,48,483	21.7
Income from investments (Net)	1,55,310	(62,817)	-	(20,553)	-
Other income	267	(37)	-	162	-
Contribution of funds from Shareholders' A/c	0	0	-	0	-
Total	4,58,030	1,85,422	-	2,28,092	-
Commission on					
First Year Premium	10,858	8,326	30.4	7,953	36.5
Renewal Premium	4,338	3,602	20.4	3,542	22.5
Single Premium	906	656	38.0	908	(0.2)
Others	0	0	-	0	-
Net Commission	16,102	12,585	28.0	12,403	29.8
Expenses of Management	35,195	24,172	45.6	27,592	27.6
Operating Profit	4,06,733	1,48,665	-	1,88,097	-
Provision for taxes	444	219	-	186	-
Benefits Paid (Net)	1,44,684	1,25,341	15.4	1,34,821	7.3
Change in actuarial liability	2,73,474	29,084	-	60,392	-
Surplus/Deficit	4,273	3,470	23.1	2,001	-

Source: Company, BOBCAPS Research

Fig 10 – Shareholder's account

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Transfer from Policyholders' Account	2,692	2,623	2.6	2,057	30.9
Investment Income	3,563	3,161	12.7	3,223	10.5
Other income	0	10	-	0	-
Expenses other than those related to insurance business	49	69	(29.5)	146	-
Transfer of funds to Policyholders' Account	0	0	-	0	-
Provisions for diminution in value of investments	231	9	-	2	-
Profit before tax	5,975	5,716	4.5	5,132	16.4
Provisions for tax	208	208	0.0	186	11.8
Profit after tax and before extraordinary items	5,767	5,508	4.7	4,946	16.6

Source: Company, BOBCAPS Research

Earnings Call Highlights

Business highlights

- Gross premium income came in at Rs 3,04,495 mn in Q3FY26, representing a YoY growth of 21.8%, supported by strong growth in all segments with first year premium, renewal premium and single premium growing at 22.8% YoY, 20.8% YoY, 24% YoY respectively.
- PAT for 9MFY26, after considering the impact of revised labour laws and GST, stood at Rs16.7 bn, reflecting 4% YoY growth. Excluding the impacts, PAT would have grown 34% YoY to Rs. 21.5 bn.
- New Business Premium stood at Rs 313.3 bn in 9MFY26, a 19% YoY growth, with a private market share of 23.5% and a total market share of 10.1%.
- Individual rated premium reached Rs 166.8 bn in 9MFY26, 15% YoY growth, driven primarily by strong volume growth and higher individual policy sales, with a private market share of 25.6% and a total market share of 18.6%.
- The impact of the new labour laws amounted to Rs1,350 mn, which the company has reflected in both the P&L statement and the Embedded Value calculation.
- Management highlighted that premiums arising from new riders attached to renewal policies will be classified as new business premiums.
- Rider sum assured grew significantly and now contributes 30% of individual sum assured.

Product and Channel Mix

- Protection recorded robust YoY growth of 24% and contributed 9% to APE as of 9MFY26.
- Protection products on the Yono channel received a strong response, with more than 1,50,000 policies sold in 9MFY26.
- Non-par on an IRP basis, excluding protection, grew 10% YoY, while protection recorded 44% YoY growth for the period. This increase was primarily driven by the launch of a participating product, which saw a stronger traction among distributors.
- Credit Life APE grew 20% YoY to Rs. 2.1 bn, while Group Term Insurance APE increased 27% YoY to Rs. 8.1 bn in 9MFY26. Credit Life APE for Q3FY26 stands at around Rs 750 mn.
- Product mix in non-SBI partnerships comprises 20% ULIPs, with the balance evenly split between par and non-par products, and 5–6% contributed by protection products.
- Banks, excluding the SBI group, demonstrated strong performance, registering 24% YoY growth on a total APE basis.

VNB and VNB Margin

- VNB for 9MFY26 stood at Rs. 50.4 bn, reflecting 17.5% YoY growth, with margins of 27.2%, supported by strong volume growth and a favourable product mix. Excluding the GST impact, margins would have been 28.3%.
- The impact on VNB margins stood at 110 bps as of 9MFY26. Management indicated that the full-year impact will be partially offset by a favourable product mix. After this offset, the company expects a residual impact of approximately 30–40 bps.

Growth Guidance

- SBI Life expects individual APE to grow at 13–14% in FY26.
- The company reiterated its VNB margin guidance of 26–28% for FY26.
- The company anticipates moderate growth in the Banca channel going forward, though it is expected to remain below the overall company growth rate.

Others

- SBI branch productivity on individual APE stood at Rs. 6.4 mn for the period, reflecting 15% growth.
- The online business channel grew 45% YoY on an APE basis in 9MFY26.
- 58% of individual proposals are processed through automated underwriting.
- The recently launched Smart Money Back Plus product received strong response, garnering premium of Rs 5.6 bn.
- The company has recently launched the Smart Platina Advantage product and is working towards introducing additional products towards the end of FY26 or in Q1FY27.
- Attachment rate for home loans on credit life segment stands at 52%.

Valuation Methodology

Q3 witnessed a robust business performance with the GST ITC impact to be limited to 30-40bps, going forward. Management reiterated guidance for individual APE growth and VNB margin, while a higher focus on protection products and favourable product mix is likely to aid margin expansion. We maintain BUY with TP of Rs 2,500, from Rs 2,217, assigning a multiple of 2.2x to its Dec'27E P/EV.

Fig 11 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
APE	2,45,621	2,82,643	3,26,522	2,42,622	2,76,561	3,16,093	1.2	2.2	3.3
VNB Margin (%)	27.6	28.0	28.3	26.5	27.0	27.5	110bps	100bps	80bps

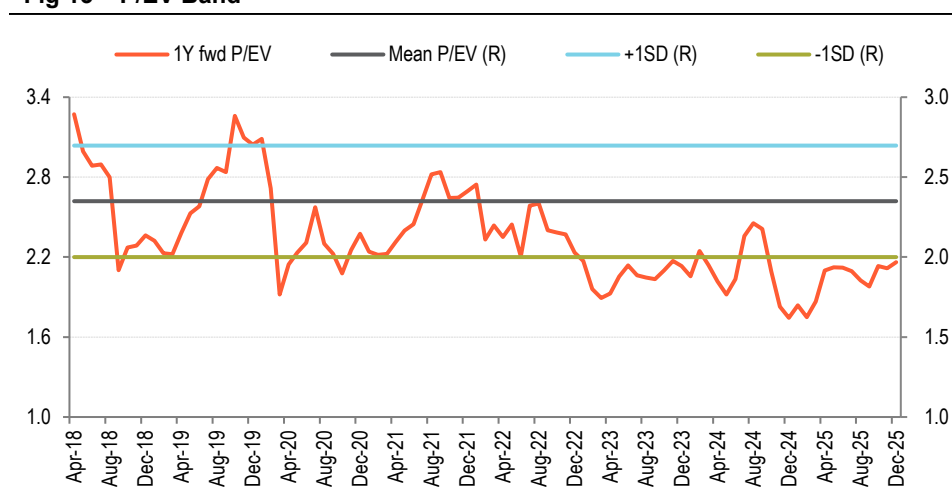
Source: BOBCAPS Research

Fig 12 – Actual vs Estimates

(Rs mn)	Q3FY26A	Q3FY26E	Variance (%)
Gross Premium	3,04,495	2,91,768	4.4
APE	86,000	81,156	6.0
VNB	22,900	21,786	5.1
VNB Margin (%)	26.6	26.8	(22bps)

Source: Company, BOBCAPS Research

Fig 13 – P/EV Band



Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- **Change in regulatory framework:** Any unfavourable change in regulations can affect business growth.
- **Losses from capital and bond markets:** Prolonged weakness in capital markets could hamper the growth of ULIPs. Although insurance companies are opting for balanced product mixes, many of them have sizeable business coming from ULIPs.

- **Increasing interest rates:** Guaranteed-return businesses could be affected by a rise in interest rates as other financial instruments (e.g. deposits) become more attractive.
- **Adverse economic events:** A significant economic decline may result in financial difficulties or defaults by issuers of bonds in the company's investment portfolios. The shareholders' equity and earnings and policyholders' funds may also be affected by fair valuation of bonds held in investment portfolios.
- **High surrender of policies:** Life insurance companies face the risk of surrendered policies. In ULIPs, customers can withdraw policies after five years, despite longer durations. Policies can also be surrendered in case of a job loss and monetary requirements, among other factors, which lower persistency ratios.

Glossary

Glossary of Abbreviations			
APE	Annual Premium Equivalent	NBP	New Business Premium
EOM	Expenses of Management	ROEV	Return on Embedded Value
EV	Embedded Value	ROP	Return of Premium
EVOP	Embedded Value Operating Profit	RWRP	Retail Weighted Received Premium
HNI	High Net Worth Individuals	ULIP	Unit Linked Insurance Plan
IRDAI	Insurance Regulatory and Development Authority	VNB	Value of New Business

Financials

Revenue Account (Technical)

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Gross premium income	8,14,306	8,49,846	9,98,569	11,63,333	13,61,100
First year premium	1,74,757	1,93,716	2,14,302	2,32,667	2,72,220
Renewal premium	4,31,923	4,94,078	5,49,213	6,39,833	7,48,605
Single premium	2,07,626	1,62,052	2,35,054	2,90,833	3,40,275
Net written premium	8,05,871	8,40,598	9,88,584	11,51,700	13,47,489
Income from investments	5,03,666	3,17,141	3,69,786	4,06,718	4,49,146
Other Income	16,777	13,448	15,466	17,787	20,456
Total income	13,26,314	11,71,187	13,73,835	15,76,204	18,17,092
Commissions	32,553	37,388	42,622	48,163	55,387
Operating expenses	39,819	44,908	51,644	59,391	68,299
Benefits and bonuses paid	4,31,074	4,89,018	5,19,006	5,98,884	6,93,957
Change in liabilities (net)	7,84,313	5,57,001	7,07,392	8,06,426	9,21,745
Others	0	0	0	0	1
Total expenses	12,87,760	11,28,315	13,20,664	15,12,864	17,39,390
Surplus before tax	38,554	42,872	53,171	63,341	77,702
Provision for tax	10,833	13,038	15,321	17,585	20,276
Surplus after tax	27,915	29,945	37,978	45,902	57,596
Trf to shareholders' a/c	25,977	27,397	35,341	42,715	53,597
Balance being FFA	1,938	2,548	0	0	0

Income Statement (Non-technical)

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Trf from policyholders' a/c	25,977	27,397	35,341	42,715	53,597
Income from investments	10,341	11,145	12,589	14,540	16,794
Contr. to policyholders' fund	(16,276)	(13,459)	(15,478)	(17,800)	(20,470)
Others	(620)	(136)	(170)	(207)	(207)
PBT	19,421	24,947	32,282	39,248	49,714
Provision for taxation	(483)	(814)	(807)	(981)	(1,243)
PAT	18,938	24,133	31,475	38,267	48,471
Dividend+Interim div.+DDT	2,705	2,707	2,707	2,707	2,707

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Equity	1,49,086	1,69,854	1,96,696	2,32,256	2,78,020
Policyholders' funds	36,51,022	41,80,690	48,13,186	55,54,227	64,22,693
FFA	13,366	15,914	16,232	16,557	16,888
Others	1,14,357	1,42,775	1,45,630	1,48,543	1,51,514
Total liabilities	39,27,830	45,09,232	51,71,744	59,51,583	68,69,114
Shareholders' funds	1,30,364	1,46,045	1,68,682	1,94,827	2,25,025
Policyholders' funds	15,65,436	18,52,268	22,00,494	26,14,187	31,05,654
Assets to cover linked liab.	21,60,103	24,76,357	28,20,570	32,26,732	37,02,675
Others	0	0	0	0	0
Total assets	39,27,830	45,09,232	51,71,744	59,51,583	68,69,114

Key Metrics

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
AUM (Rs mn)	38,89,200	44,80,400	53,85,739	64,82,029	77,13,614
NBP (Rs mn)	3,82,383	3,55,768	4,49,356	5,23,500	6,12,495
APE (Rs mn)	1,97,200	2,14,200	2,45,621	2,82,643	3,26,522
VNB (Rs mn)	55,500	59,500	67,791	79,140	92,406
VNB margin (%)	28.1	27.8	27.6	28.0	28.3
Embedded value (Rs mn)	5,82,600	7,02,500	8,30,892	9,81,996	11,58,907
ROEV (%)	21.8	20.2	18.0	17.8	17.7
ROE (%)	13.6	15.1	17.2	17.8	19.0
Opex ratio (%)	4.9	5.3	5.2	5.1	5.0
Cost ratio (%)	8.9	9.7	9.4	9.2	9.1
Solvency ratio (%)	-	-	-	-	-
EPS (Rs)	18.9	24.1	31.4	38.2	48.4
BVPS (Rs)	148.9	169.6	196.3	231.8	277.5
EVPS (Rs)	581.7	701.2	828.7	979.4	1,155.9

Source: Company, BOBCAPS Research

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BUY – Expected return >+15%

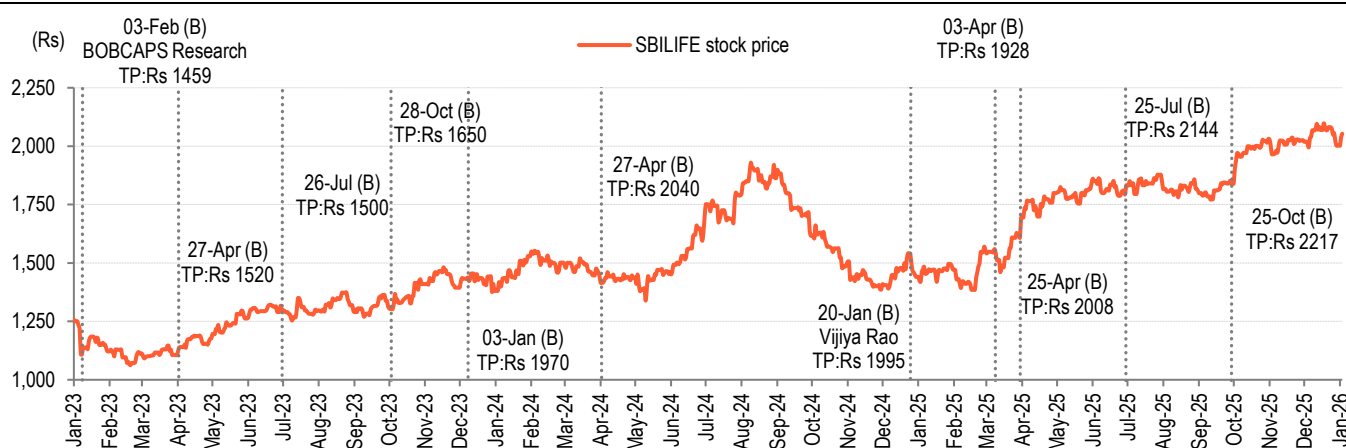
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): SBI LIFE (SBILIFE IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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